Questions on Implementation of 2003 Payment Rule

Question

1. The memorandum says claims priced by March 1 will be paid at the 2002 rate.
   a. Typically, how long do carriers have electronic claims before they are priced? In other words, by what date would physicians have to file the claim in order to expect payment at the 2002 rate?
   b. What about paper claims?

Answer

   a. Carriers input electronic claims the day they receive them, therefore, if the submitter sends in claims by February 26 or 27, carriers will feed those claims into the claims system and will price using the 2002 rates. If the claim hits an edit before it goes through the pricing logic in the system and the claim does not get processed until March 1, or after, the claim will be paid at the 2003 rate and adjusted to the 2002 rate in July.
   b. For paper claims, the length of time that carriers hold claims before inputting them into the system depends on the workload at the carrier site and will be different for every carrier.

Question

2. What exactly will happen to claims for Jan-Feb 2003 services that are not "processed" before March 1, 2003?
   a. Will all pre-March 1 services that were paid at the 2003 rate be automatically adjusted?
   b. Does it matter when they were filed and/or processed?
   c. What if the 2003 payment rate is higher than the 2002 payment rate? Will there be negative as well as positive adjustments?

Answer

   a. Most pre-March services that were paid at the 2003 rates will be automatically adjusted in July to pay at the 2002 rate. As per question 5c, claims filed with new 2003 CPT codes will not be adjusted in July, however.
   b. No, it does not matter when they were filed and/or processed. January and February dates of services paid by February 28 will be paid at the 2002 rate. January and February dates of service paid after March 1 will be paid at the 2003 rate and automatically adjusted in July.
   c. Yes, there could be negative adjustments if the 2003 payment rate is higher than the 2002 rate.

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Question

3. Once the adjustment software kicks in, how long will it remain in place? Will all claims for Jan-Feb 2003 services processed after July 1 automatically be paid at the 2002 rate?
   a. For example, what if the carrier denies or returns the claim and the physician resubmits after March 1?
   b. What happens to claims that are held up at the carrier due to processing log jam, CCI edits, manual review or other carrier review?
   c. What about appealed claims where resolution of the appeal occurs after July 1 or even after the end of 2003?

Answer

a. Once the "adjustment software" kicks in, all January – February services will be paid at the 2002 rate. Carriers will complete the mass adjustment in July to correctly pay January – February services paid after March 1. Carriers will also install the 2002 rates for paying January – February dates of service received after July 1 during the 2003 calendar year. We are working on how to address this issue for January - February 2003 dates of service claims received in CY 2004.

b. Claims held up because of log jams, CCI edits, manual review or other carrier review edits will require manual intervention and will be manually priced or priced in an automated manner depending on the system.

c. Appealed claims will require manual intervention and may be manually priced separately by the carrier or priced in an automated manner depending upon the system. Again, January – February 2003 dates of services will be ultimately paid at 2002 rates.

Question

4. The memorandum says that routine adjustments for Jan-Feb 2003 services will be paid at the 2002 rate.
   a. Would this be the case even if the adjustment were made after March 1 but before July 1?

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Answer

a. No. Large carriers cannot manually price these services. If routine adjustments are made they will be selected to be re-adjusted after the July fix is made. Some of the small carriers with a low volume of adjustments may manually price routine adjustments at the 2002 rate between March 1 and July 1.

Question

5. Physicians are being asked not to submit claims for services with new 2003 codes until March 1, 2003. Even if these claims are filed earlier, the carriers will suspend payment until March 1 and then pay at the 2003 rate.
   a. Will carriers be able to process this sudden influx of claims for the previous two months in a timely way?
   b. Will interest be paid on claims that are filed with 2003 codes and suspended? What is the current interest rate?
   c. Will these claims be adjusted in July? I.E. Will claims for Jan-Feb services filed with 2003 codes be increased by 4.4% in July?

Answer

a. Carriers have informed us that they will be able to handle the sudden influx of claims in a timely way.
b. Interest will be paid, as appropriate, on the claims that are filed with 2003 codes. We will pay the interest based on the current rate at the time the claim is processed. The rates are assigned by Treasury Department and posted on the Web site at: www.publicdebt.treas.gov/opd/opdprmt2.htm. For the first quarter of 2003, the rate is 4.250%.
c. These claims will not be adjusted in July. These claims contain new codes for 2003 and do not have a 2002 payment amount.

Question

6. The participation enrollment period runs through February 28 but the effective date for enrollments/disenrollments is January 1. Isn't this going to be pretty confusing? Why didn't you start the new participation period on March 1 when new rates become effective?

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Answer

We made the effective date of the participation agreement January 1 since the current agreement expires on December 31.

Question

7. The software provided to carriers in July will also adjust for changes in participation status.

a. Which claims will be adjusted and how will this work?
b. Physicians are supposed to bill in accordance with their participation decisions once they notify the carrier of a change and any processed before the carrier receives this notification "will not be reopened." Could they be reopened and adjusted in July?
c What happens to claims that are submitted but not processed prior to the physician's submission of a participation change notification?
d. Suppose a participating physician bills Medicare 100% of the fee schedule allowance and does not balance bill the patient. The physician switches to nonpar before the claim is processed, will the claim be adjusted downward even though the physician never had the opportunity to balance bill the patient.

Answer:

a. During the mass adjustment in July, the software will look at two things: difference in payment rates between 2002 and 2003 and changes in participation status between when the claim was first adjudicated and the time the adjustment in made. If no payment adjustment is made due to the MPFS changes, no change will be made based on the participation status.

Rates for most services decreased in 2003 from 2002. The average decrease in payment is approximately 4.4% across all physician fee schedule services. However, the decrease in payment will likely be more or less than this amount for most services and rates for some services actually increased from 2002 to 2003. However, these higher 2003 rates cannot be paid for DOS in January and February as the regulation does not make the rates effective until March 1, 2003.

When claims adjustments are made in July, claims originally adjudicated as assigned, will be adjusted as assigned. Claims originally adjudicated as non-assigned, will be adjusted as non-assigned.

If the participation status does not change, the only adjustment will be due to physician fee schedule changes.

b. If a payment adjustment is made due to MPFS changes and if changes in participation status are identified, adjustments will generally result as follows:

- If a provider goes from participating to non-participating the adjustment will be downward. In general payments would be reduced by .6% (+4.4-5).

- If a provider goes from non-participating to participating the adjustment will be upward. In general, the increase would be 9.5% (4.4%+5%).

- If the 2003 rate is higher than the 2002 rate the adjustment will be downward.

c. Claims will continue to process at the current status until the carrier receives and processes the notification of a change but any claims not priced prior to March 1 would be adjusted in July.

d. The claim will be adjusted downward.

Question

8. What should physicians expect in July 2003?
   a. Will they receive one check for all back payments that they may be due for Jan-Feb dates of service that were not "processed" before March 1 or will they get a number of checks that reflect the difference on each claim?
   b. What if the physician waits until after March 1 to submit claims for Jan-Feb. 2003 services that are subject to pay increases in 2003? Will physicians be asked to return the difference between the 2002 and 2003 rate to the government? If so, how much time will they have to make these repayments?

Answer

a. We are still working with the carriers to determine how the checks will be issued for the back payments. We expect a single, lump sum check or at least one check per batch cycle at the carrier.
b. Yes, physicians will be expected to return the difference if the payment amount for 2003 is higher. Carriers will be instructed to follow the normal procedures for collecting overpayments. We note that very low volumes are likely to be associated with services where payment is going up instead of down in 2003. Given that physicians generally provide a mix of

services, it is far more likely that physicians will be owed money from

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Medicare for differences between the 2002 and 2003 payment amounts.

Question

9. Will the directories of participating physicians and suppliers indicate whether the physician is taking new Medicare patients? If patients call the 800 number as suggested in current ad campaign, will they be referred only to physicians who are accepting new Medicare patients?

Answer

No. The participation directory does not indicate whether the physician is taking new Medicare patients. The 800 number does not refer the beneficiary to physicians accepting new Medicare patients. The beneficiary must call the physician's office to inquire if the physician is accepting new Medicare patients.

Question

10. Services billed through intermediaries rather than carriers will be paid at the 2002 rates even if they are processed after March. Under what circumstances are services in the physician fee schedule billed through an intermediary rather than a carrier?

Answer

The following services are billed to the Fiscal Intermediary:

All outpatient rehabilitation services (physician therapy, including speech-language pathology services and occupational services furnished by Outpatient Hospitals, Skilled Nursing Facilities (SNFs), Home Health Agencies (HHAs) Comprehensive Outpatient Rehabilitation Agencies (CORF) and Outpatient Physical Therapy (OPT) Providers;

All other CORF services;

Effective July 1, 2003 all other OPT services;

Screening mammography services;

Computer aided detection devices;

Critical Access Hospital (CAH), outpatient Method II payment;

Diabetes self-management training provided by hospital outpatient departments;

Medical nutrition therapy provided by hospital outpatient departments; and

All radiology and other diagnostic services provided by SNFs to their outpatients and residents not in Part A stays.

With the exception of professional services paid to CAHs, payment is based on the non-facility rates. Only the technical component is used when applicable.

Question

11. Will the 9.0 version of the CCI edits be implemented January 1, 2003.

Answer

Yes, the CCI edits will be implemented January 1, 2003. If any of the CCI edits contain the new 2003 codes, the codes will suspend and will be held until March 1.